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TO RUEHC/SECSTATE WASHDC 9903  
INFO RUEHUJA/AMEMBASSY ABUJA 9617  
RUEHRC/DEPT OF AGRICULTURE USD WASHDC  
RUCPDOC/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RHMCSSU/DEPT OF ENERGY WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC  
RHEFDIA/DIA WASHDC

UNCLAS LAGOS 000171

SIPDIS

DEPARTMENT PASS TO USTR AGAMA  
TREASURY FOR DPETERS

E.O. 12958: N/A  
TAGS: EAGR ECON NI  
SUBJECT: NIGERIA: BAKERS STRIKE TO PROTEST RISING COSTS

REF: ABUJA 817

**¶1.** (U) Summary: Members of Master Bakers Association of Nigeria on May 5 embarked on a weeklong strike to protest the rising price of wheat flour. Bread now sells for 10 to 20 percent more than last month. Although the Government of Nigeria announced plans to import more rice to combat the rising price of that staple, the Nigerian government has no plans to boost wheat imports. End Summary.

**¶2.** (U) Recently the Master Bakers Association of Nigeria (MBAN), which is made up of small to medium sized bakeries, directed its members to stop production for a week, starting Monday May 5, to protest the rising cost of wheat flour. This follows an increase of the price of wheat flour from 4,850 naira (USD41) per 50 kilogram (kg) bag to 5,200 naira (USD44) in April.

**¶3.** (U) Bakery sources indicate that the prices of other inputs, such as sugar and yeast are also rising. There are indications that the protest is a prelude to a planned 25 percent increase in bread prices, which have been climbing, even as bakers have constantly reduced loaf sizes.

**¶4.** (U) Industry watchers say the impact of the strike action is likely to be marginal as institutional and large scale bakeries continue to produce bread. Some MBAN members have indicated that they will not comply with the directive to strike, but will increase their bread prices. Meanwhile, bread sellers are displaying fewer and older stock of bread, which now sells for 200 naira (USD 1.7) up from 180 naira (USD 1.5) per standard loaf a month ago. A similar strike in August 2007 preceded a 30 percent increase in the price of bread.

**¶5.** (U) Comment: An increase in the price of bread, coupled with the rising cost of rice, both staple foods in Nigeria, brings rising global food prices to the average Nigerian. Labor organizations have urged the Government of Nigeria to take urgent steps to stem food price hikes by declaring a "state of emergency" in the agricultural sector, although what exactly that would entail is unclear. On May 8, the Government suspended import duties on rice for six months to curb rising prices. Mission is working with the Ministry of Agriculture, importers and U.S. industry to facilitate market opportunity for American suppliers. End comment.

Blair